

## **MINUTES**

### **KANSAS BUSINESS HEALTH POLICY COMMITTEE**

**November 18, 2004**

**Kansas Insurance Department  
Topeka, Kansas**

#### **MEMBERS PRESENT:**

Insurance Commissioner Sandy Praeger  
Senator Ruth Teichman, Stafford  
Representative Sue Storm, Shawnee Mission  
John Naramore, Lawrence  
Representative Willa DeCastro, Wichita  
Jenifer Telshaw, SRS, for Janet Schalansky

#### **MEMBERS ABSENT:**

Pat Kaufman, Vice-Chair, Shawnee Mission  
Howard Fricke, Kansas Department of Commerce

#### **OTHERS PRESENT:**

Karen Braman, Governor's Office of Health Planning and Finance  
Bob Day, Director, Governor's Office of Health Planning and Finance  
Wendy Dressler, Governor's Office of Health Planning and Finance  
Barbara Langner, University of Kansas  
Mark Whiting, Mercer Consulting  
Andrew Allison, Kansas Health Institute

**Kansas Business Health Policy Committee  
November 18, 2004  
10:00AM – 3:00PM, Kansas Insurance Department**

Commissioner Praeger welcomed members of the Committee and guests.

October 1, 2004 minutes were reviewed and approved.

Mark Whiting, Mercer, gave a presentation to the Committee on Health Benefit plan design options. Goals for the meeting included:

- Discuss benefit designs
- Discuss key issues impacting benefit design
  - Maximize coverage of the uninsured
    - Consider premium and cost sharing (deductibles, etc.) amounts
  - Offer comprehensive, affordable benefit package
  - Develop product acceptable to stakeholders (uninsured, carriers, CMS, providers, etc.)
  - Adhere to insurance product mandates
    - Include preventive and health screening services
- Determine benefit package to be priced
  - Package may undergo modifications based on economic modeling results.

Mr. Whiting first summarized points from Tom Steiner's October 1 presentation to the Committee that described Kansas' uninsured population. 10.5% of Kansans under age 65 are uninsured. The 2001 HRSA study found 244,800 total uninsured; 188,800 adults and 56,000 children. The majority are working adults employed by small businesses. The target audience of Small Group Reform are the working uninsured making less than 200% of the Federal Poverty Level (FPL) which is \$37,700 annual income for a family of four. In his review of the October presentation Mr. Whiting also discussed affordability of coverage and competing fiscal priorities. Mr. Whiting suggested the following considerations when designing the benefit package:

- Modified version of SEHP product
  - Review/integrate Dirigo plan components
- Change benefit design to make product more affordable
  - Eliminate cost sharing for preventive services benefits
  - Reduce cost sharing for pharmacy benefits
    - Mandate generic use
    - Lower OOP maximum
    - Lower coinsurance paid by individual
- Develop actuarially equivalent products for comparison of benefit design
  - Designs to include deductible and coinsurance variations.

Catastrophic coverage, deductibles and coinsurance are key considerations when looking at benefit coverage options. Option 1 has no deductible, 50%/70% coinsurance with an out of pocket maximum of \$2,200. Option 2 has a \$500 deductible, 70% coinsurance and an out of pocket maximum of \$2,200. Option 3 has a \$1000 deductible, 80% coinsurance and a \$2,200 out of pocket maximum. (see attached)

Key timelines for the Committee regarding the benefit package are:

- November 2004

- Continued review and discussion of benefits package options
  - Determine benefits
- December 2004/January 2005
  - Receive benefits package actuarial cost from Mercer
- February 2005
  - Review Gruber subsidy modeling
  - Modify benefit design, if necessary
- March 2005
  - Decision on structuring risk (stop loss, number of health plans).

The Committee requested that the coinsurance feature of Option 2 be changed to a copay. A copay plan is easier to administer and understand however, the copay amount will need to be readdressed every 2-3 years due to increasing costs. For the plan, Mercer will price the prescription copay at \$10 for generics, \$25 for preferred drugs, and \$50 for non-preferred drugs. Dental coverage will not be included in the plan. The Committee agreed that Mercer should design the benefit plan around Option 2 and come back with more plan detail and pricing at the December 14 meeting.

Bob Day, Governor's Office of Health Planning and Finance, gave an overview of Governor Sebelius' and Insurance Commissioner Praeger's Healthy Kansas Initiative. It will address how health care is delivered, how the State of Kansas purchases health care, the uninsured, and a growing unhealthy population. Cost items that will be the most difficult to reform include:

- 1) Changing the point at which children can be enrolled in public programs for which they are already eligible. The proposal is not an expansion of those programs, instead it is aggressive outreach to the 40,000+ children that are eligible but are not enrolled in the Medicaid program and HealthWave. The proposal would also allow certain providers to presumptively determine eligibility and include a stronger campaign to enroll kids.
- 2) Expand eligibility for Title XIX from 37% federal poverty level (FPL) and below. Working parents at or below 100% FPL would be eligible for this plan. It is estimated that 32,000 parents will be eligible. The total cost estimate of Healthy Kansas is \$50 million in state funds.

HealthWave represents both Title XIX (Medicaid) and Title XXI (SCHIP) programs with three product lines: 1) capitated managed care; 2) primary care case management (similar to PPO); and 3) fee-for-service.

An example of how the BHPC program would work is if a parent with three children was employed making \$15,000 per year, the premium costs for the parent and children would be picked up by Medicaid and SCHIP. The employer would sign up and pay an entity (at this point it is likely the Kansas Health Care Authority) for the health program and that money will be combined with subsidy dollars, then paid to the health plan. The advantage of this process is that there may be an opportunity to use the employer portion as part of state match. The employer will be told that there will be a health assessment of \$100 per employee per month rather than a monthly health insurance premium.

There will be a two part prescription drug initiative. One providing low cost generic drugs for those that qualify. There will also be a prescription drug resource center website that provides information about resources available to help Kansans obtain free or low-cost drugs, generic drugs, and drug safety. It will also include a link to information about comparing medication prices and

purchasing safe prescription drugs from Canada, Ireland and the UK through the I-Save Rx program.

There is \$12 million set aside in the Healthy Kansas proposal which will provide subsidy for adults from 100% - 200% FPL. It is estimated that up to 20,000 employees will be insured through this program. This does not include children because they are already eligible through other programs. The proposal also includes Medicaid eligibility for working parents up to 100% FPL.

There is also a component to improve health and wellness, “Taking Steps Together”, that will be led by Secretary Bremby, Kansas Department of Health and Environment (KDHE).

The Governor’s Office will be announcing the Cost Containment Commission which will look at three things: 1) reducing administrative complexity costs, 2) quality initiative, and 3) health informatics – moving the state to an electronic medical record system.

Commissioner Praeger announced KID received a \$400,000 HRSA grant, for which Barb Langner, University of Kansas, is the project director. The grant builds on the previous HRSA grant received in 2000 to survey the uninsured. One of the main project goals is to look at the current small group market rating bands and determine if there is a better way to spread the risk. The other component is to see if centralizing the health provider credentialing process in the Insurance Department will be more cost effective than current processes. The Board of Healing Arts will be a partner in this study.

### **Scheduled Meetings:**

Tuesday, December 14<sup>th</sup>, **11:00AM – 3:00PM** in the 3<sup>rd</sup> floor conference room of the Kansas Insurance Department (420 SW 9th Street, Topeka, KS).

You may also check out our website at

[http://www.ksgovernor.org/healthPlanning/workgroups\\_hpfs.html](http://www.ksgovernor.org/healthPlanning/workgroups_hpfs.html) for scheduled meeting dates, times, and locations as well as past meeting agendas, minutes, presentations and handouts.